

PUBLIC SERVICE COMMISSION
STATE OF MONTANA

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May 1, 2015

Mr. Joe Schwartzberger
Regulatory Affairs Department
NorthWestern Energy
40 East Broadway
Butte, MT 59701

RE: Data requests in Dockets D2013.5.34 and D2014.5.47

Dear Mr. Schwartzberger,

Enclosed please find data requests of the Montana Public Service Commission to NorthWestern Energy (NWE) numbered PSC-049 through PSC-051 in the above-referenced Docket. Please begin the response to each new numbered data request on a new page. Please provide responses by May 8, 2015. If you have any questions, please contact me at (406) 444-6191.

Sincerely,

Neil Templeton
Regulatory Division
Montana Public Service Commission

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF NorthWestern Energy’s) REGULATORY DIVISION
Application for Approval of Unreflected Gas)
Cost Account Balance and Projected Gas Cost,) DOCKET NO. D2013.5.34
and Gas Transportation Adjustment Clause)
Balance)

IN THE MATTER OF NorthWestern Energy’s) REGULATORY DIVISION
Application for Approval of Unreflected Gas)
Cost Account Balance and Projected Gas Cost) DOCKET NO. D2014.5.47
and Gas Transportation Adjustment Clause)
Balance)

DATA REQUESTS PSC-049 THROUGH PSC-051 OF THE
MONTANA PUBLIC SERVICE COMMISSION
TO
NORTHWESTERN ENERGY

PSC-049

Regarding: NFR and Devon True-Up
Witness: DiFronzo

At 3:21-5:3 you discuss including the NFR and Devon natural gas production assets within a consolidated natural gas utility rate case in 2016, and using a 2015 test year.

- a. Assuming that the Commission-authorized NFR and Devon rates resulting from a general rate case differ from interim rates, what would the correct method to true up the interim rate to that finally approved rate be? (e.g., would you subtract the authorized rates from the interim rates, and then multiply by previous billed volumes to determine under/over recovery, adjusting for interest as appropriate?) If not, please state precisely how under/over recovery would be calculated.
- b. Please describe whether other jurisdictions where cost-of-service-regulated utilities have acquired gas production assets, or interests in them, have had interim/subject-to-refund rates set outside of a rate case and, if such treatment elsewhere exists, how the issue that you and Mr. Donkin discuss has been decided.

PSC-050

Regarding: Establishing Natural Gas Production Asset Rates
Witness: DiFronzo

In response to PSC-046(b) Donkin states:

NWE's annual revenue requirement and unit rates for Battle Creek, Bear Paw, and Devon should not be established in a general rate case; rather, they should be adjusted annually in NWE's annual gas tracker filings. This is essential if ratepayers are to realize the results over time from the net present value cost comparisons, levelized cost comparisons, and cross-over point assumptions, that were used by NWE and presented to and considered by MCC and the Commission for the purpose of accepting as reasonable the acquisitions of the Battle Creek, Bear Paw, and Devon gas producing properties.

- a. Please describe why you do not believe that Donkin's proposal is appropriate to establish rates for these assets.
- b. Please identify other jurisdictions where traditional, fixed-price unit rates have been approved by utility commissions for gas production assets owned by a cost-of-service-regulated utility.
- c. Do you believe that Donkin's response on cross-over points threatens the stipulation of September 18, 2012 that was filed in Docket No. D2012.3.25? Please explain.

PSC-051

Regarding: Deleted Language Final Order 7219h
Witness: Schwartzenberger

At 3:8-22 you describe why the language "as of the service date of this order, NorthWestern bears the burden of demonstrating why any request for incremental lost revenues resulting from the acquisition of additional USB or DSM savings is reasonable and in the public interest" was removed from Final Order 7219h.

At 4:5-12 you testify that NorthWestern has filed a motion to reserve issue and to strike Mr. Donkin's testimony regarding disallowance of USB related lost revenues. You state that NorthWestern believes that recovery of USB related lost revenues should not be considered until an order has been issued in Docket No. D2014.6.53.

Do you agree that removal of the phrase from Final Order 7219h does not imply that the Commission cannot entertain arguments or determine to disallow lost revenues?